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EXPORTS OF PETROLEUM BY THE SOVIET BLOC  
TO NON-BLOC COUNTRIES IN 1961



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EXPORTS OF PETROLEUM BY THE SOVIET BLOC  
TO NON-BLOC COUNTRIES IN 1961

In 1961 the Soviet Bloc exported approximately 30 million tons\* of crude oil and petroleum products to non-Bloc countries. The value of Bloc exports of petroleum to non-Bloc countries in 1961 is estimated to have been about \$500 million based on an average value of \$16.30 per ton\*\*. This amount represents no significant increase in comparison with the value estimated for exports in 1960, largely because exports in 1961 contained a greater share of lower valued items than those in 1960.

The USSR supplied about 26 million tons, or 85 percent of the total Bloc exports, a share similar to that in 1960 when it exported 21 million tons to non-Bloc countries. All the crude oil exported, about 16 million tons, came from the USSR and represented about 52 percent of total Bloc exports of petroleum in 1961 compared with about 10 million tons, or about 43 percent, for the USSR in 1960. The rise in Soviet exports of crude oil reflect the increasing availability of crude oil in the USSR and the more rapid growth of Soviet production relative to refining capacity.

Of the remaining total Bloc exports of petroleum to non-Bloc countries, most of which was in the form of products, Rumania exported almost 3 million tons, East Germany sent about 600,000 tons to W. Germany, and other Bloc countries shipped out small amounts.

Exports by the Bloc in 1961 represented about 3 percent of the total non-Bloc demand for petroleum, or 6 percent of such demand if the US were excluded. More than two-thirds of the petroleum exports of the Bloc went to European countries and amounted to about 9 percent of the total demand in these countries. Of the supranational European groupings, the Organization for European Economic Cooperation and Development (OECD) imported from the Bloc about 17 million tons, or about 8 percent of its total demand. The members of the European Economic Community (EEC), or the Common Market,\*\*\* and the NATO countries of

\* Tonnages are given in metric tons throughout this memorandum.

\*\* Weighted average value for crude oil and petroleum products using 1960 f.o.b. prices from Platt's Oil Price Handbook. Because much of the petroleum trade involves elaborate barter arrangements, it is not possible to determine the exact price of the petroleum.

\*\*\* Although not yet members, Greece and the UK are included in the Common Market grouping for the purpose of this memorandum.

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Europe imported petroleum from the Bloc equivalent to about 7 percent of their total demand.

The Middle East and Africa imported about 2.8 million tons and non-Bloc Asia about 2.9 million tons. Of the 4.4 million tons shipped to Latin America, 3.9 million tons were destined for Cuba, which, except for very small quantities received through clandestine channels, received all of its petroleum from the Bloc.

Among other countries importing petroleum from the Bloc, Finland and Iceland each obtained about 90 percent of their total supply and Afghanistan more than 75 percent of its total supply from the Bloc. Italy imported 6.6 million tons of Bloc petroleum corresponding to approximately 23 percent of the total domestic Italian requirement. More than 1 million tons of this petroleum, however, are refined in Italy for eventual export under third country accounts. Japan imported about 2.7 million tons, or 7 percent of its total consumption of petroleum. Reductions by France and Yugoslavia in 1961 from the 1960 level of imports from the Bloc were offset by increased imports by Italy, Japan, and Cuba. In 1961, for the first time, Burma and Spain imported petroleum from the Bloc.

In 1961 the USSR continued to stimulate petroleum sales through barter agreements. Some trade pacts with the underdeveloped countries contain provisions for the exchange of petroleum for local commodities, including peanuts and folk art from Mali and tea and rubber from Ceylon. With the industrialized countries, however, the USSR has been able to exchange its petroleum for capital goods. The Soviet trade agreement with Italy, for example, provides for the sale of petroleum for large-diameter line pipe and pipeline equipment.

Prices for Soviet petroleum are generally lower than the prices prevailing in the international market. In 1960, for example, the average price of Soviet crude oil to Japan was \$9.75 per ton, whereas Middle East crude to Japan sold for an average f.o.b. price of \$10.66 per ton. There are indications, however, that after the USSR gains a foothold in an area, it begins to raise prices to correspond more closely to existing market prices. Under 1962 contracts with importers in West Germany, Belgium, and the Netherlands, the prices of gasoline, gas oil, and heavy heating fuel were raised by approximately \$2.00 per ton. Recent negotiations with Swedish importers also indicate a rise in prices of Soviet petroleum products.

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Petroleum, for the most part, is transported from the Bloc to non-Bloc countries by sea. In 1961, about 85 percent of total Bloc petroleum exports was shipped from Black Sea ports and 8 percent from Baltic Sea ports. The remainder was exported via overland routes. All of the Bloc petroleum for the Middle East, Latin America, and Africa and almost all of that going to Asia was shipped from Black Sea ports. The Baltic ports of Klaypeda and Ventspils, however, will eventually be particularly important as export outlets for Soviet petroleum, when the projected pipeline from the interior of the USSR to these ports is completed--probably by 1965.

Agreements with the chief importers of Soviet petroleum, such as Italy, West Germany, and Japan, provide for further increases in imports in 1962. These agreements along with other known agreements suggest that the total amount of Bloc petroleum exports to non-Bloc countries in 1962 may rise by as much as 10 percent, thus reaching a new peak of about 33 million tons.

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Non-Bloc Imports of Petroleum from the Soviet Bloc  
1961 a/

Region and Country	Imports	
	Thousand Metric Tons	As % of Demand
<u>Non-Bloc Europe</u>		
Belgium/Luxembourg	515	6
France	984	3
Germany	2,791	6
Greece <u>b/</u>	1,128	45
Italy <u>c/</u>	6,628	23
Netherlands <u>d/</u>	50	negl.
UK <u>e/</u>	117	negl.
Total Common Market	12,213	7
Denmark	234	4
Iceland	340	92
Portugal	10	1
Norway	306	8
Turkey	39	2
Total NATO	13,142	7
Switzerland	50	1
Austria <u>f/</u>	1,050	34
Sweden	2,461	19
Spain	77	1
Total OECD	16,780	8
Finland	2,310	88
Yugoslavia (Trieste)	68	4
Europe <u>g/</u>	1,140	N.A.
Total Non-Bloc Europe	20,298	9
<u>Middle East and Africa</u>		
Algeria	59	3
Guinea/Mali	93	N.A.
Lebanon	12	1
Morocco	122	12
Tunisia	59	12
Egypt	2,239	45
Syria	253	23
Yemen	4	14
Total	2,841	N.A.

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<u>Region and Country</u>	<u>Imports</u>	
	<u>Thousand Metric Tons</u>	<u>As % of Demand</u>
<u>Free Asia</u>		
Afghanistan	50	77
India	173	2
Japan	2,681	7
Burma	21	3
Total	2,925	N.A.
<u>Latin America</u>		
Argentina	15	negl.
Brazil	444	negl.
Cuba	3,932	100
Uruguay	24	2
Total	4,415	N.A.
Grand total	<u>30,479</u>	

- a. Preliminary estimates.
- b. Greek application for associate status in the Common Market, a step towards full membership, has not yet been approved by the EEC.
- c. Including crude oil to be refined for third country account.
- d. In 1961 a total of about 1.7 million tons of crude and products were delivered to ports in the Netherlands. Netherlands law fixes the maximum imports of Bloc oil at 60,000 tons per year. About 600,000 tons were transshipped directly to other countries of Free Europe, principally to West Germany, and about 1.1 million tons entered the Netherlands in bond. The ultimate destination of this latter quantity is unknown but probably is delivered to other countries in Europe (see footnote g, below).
- e. UK application for membership in the Common Market has not yet been accepted by the EEC.
- f. Net imports of petroleum from the Bloc were 300,000 tons. Austria shipped a total of 750,000 tons of crude oil to Poland, Hungary, E. Germany, and Czechoslovakia on the USSR account in 1961, as part of Austrian reparation deliveries made to the USSR.
- g. This quantity is the petroleum delivered to the Netherlands in bond and believed to be shipped ultimately to other countries of Free Europe.

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Sources:

The information contained in this Brief was derived from a variety of sources. These sources are available in M/FP.

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